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SUBJECT: PROMISING ALLIES FOR COMPREHENSIVE PARTNERSHIP IN INDONESIA'S NEW CABINET

REF: JAKARTA 1766 AND PREVIOUS

1. (SBU) SUMMARY: President Yudhoyono's 37 new cabinet picks, unveiled October 21, show a realistic leader who prioritizes the economy, environment, health, and international relations while trying to build political consensus for his policies. He assigned most cabinet positions as predicted (see reftel). The new cabinet contains potential allies for progress on our Comprehensive Partnership goals -- a sharp economic team, technocrats as health and environment ministers, an accomplished Foreign Minister, and known interlocutors on defense and security. Mission suggests early and vigorous engagement with the new cabinet to cultivate the ministers as partners and advocates.

Please see action request in para 7. END SUMMARY.

NEW CABINET INAUGURATED

¶2. (U) President Yudhoyono announced his new cabinet late October 21 and inaugurated them October 22. Seventy percent of the cabinet is new, with only 10 ministers as hold-overs from the previous cabinet. The new cabinet members are highly educated, with 16 holding Ph.D.s. Ten, including the new health minister, were educated in the U.S.

POLITICAL COMPROMISES

¶3. (SBU) The dominance of politicians in the new cabinet reflects President Yudhoyono's belief that despite a landslide electoral victory he has to build political consensus to push through his policies in the Parliament. To that end, he placated coalition partners by handing out cabinet positions, including two to defeated legislative candidates, former Parliament (DPR) Speaker Agung Laksono (Golkar Party, Coordinating Minister for People's Welfare) and Patrialis Akbar (PAN party, Minister of Justice and Human Rights.

POTENTIAL ALLIES FOR BILATERAL COOPERATION ON THE ECONOMY, HEALTH, THE ENVIRONMENT AND SECURITY

¶4. (SBU) The new cabinet is promising in terms of U.S. - Indonesia cooperation on many important issues: economic cooperation, health, the environment, and security and defense. The economic team offers considerable continuity. As mentioned reftel, Sri Mulyani Indrawati and Trade Minister Mari Pangestu will stay on, a move the business community welcomed. New Industry Minister MS Hidayat comes with strong credentials as Chair of the Indonesian Chamber of Commerce. Coordinating Minister for the Economy Hatta Rajasa, a close presidential ally, could use his political power to push through initiatives but does not have a strong track record for reform.

¶ 15. (SBU) On health, the unexpected choice of Dr. Endang Rahayu Sedyaningish for Health Minister is a good sign. Dr. Endang is a Harvard educated academic who works closely with WHO and USAID on HIV prevention and avian influenza issues. The new Environment Minister, Gusti M. Hatta, is also a respected academician. Educated in the Netherlands, Hatta is a professor and deputy university rector at Lambung Mangkurat University's School of Forestry, where he helped establish an environmental research center. He is well known for his integrity and talent, and will focus on climate change issues in the new administration.

¶ 16. (SBU) Our key interlocutors on security and defense issues, including Coordinating Minister for Political, Security and Legal Affairs Djoko Suyanto, and former Energy Minister, now Defense Minister Purnomo Yusgiantoro (see reftel) have worked with us in the past on counter-terrorism, energy and other issues. Retired Military Commander-in-Chief Suyanto, who has been instrumental in advancing military reform, has trained in the U.S. at Nellis Air Force Base.

ACTION REQUEST: REACHING OUT TO NEW FOREIGN MINISTER MARTI NATALEGAWA TO GAIN HIM AS KEY PARTNER

¶ 17. (SBU) Action Request: Post recommends that Secretary Clinton call new Indonesian Foreign Minister Marti Muliana Natalegawa, who was Indonesia's permanent representative to the United Nations (see reftel), to congratulate him on his new position as soon as possible. Post also recommends that the Secretary send a formal letter of congratulations requesting a meeting on the margins of APEC in November in

JAKARTA 00001774 002 OF 002

order to cultivate FM Natalegawa as a partner and advocate.
HUME